

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 OSLO 5456

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SUBJ: LABOR'S VICTORY IN GOVERNMENT CRISIS MAY HAVE
IMPORTANT EFFECTS ON FUTURE POLITICAL SCENE

REF: (A) OSLO 5426 (B) OSLO 5364 (C) OSLO 5297

SUMMARY: THE LAST-MINUTE DECISION OF THE NON-SOCIALIST CENTER PARTY TO SUPPORT THE LABOR GOVERNMENT'S PROPOSAL TO REPURCHASE ALCAN STOCKS IN NORWEGIAN FIRM PREVENTED THE GOVERNMENT'S FALL ON DECEMBER 13. THE LEFTIST SV PARTY VOTED AGAINST THE GOVERNMENT ALTHOUGH FINN GUSTAVSEN, AN IMPORTANT PARTY OFFICIAL, BROKE WITH HIS PARTY AND SUPPORTED THE GOVERNMENT. LABOR'S VICTORY WAS GREETED IN MOST QUARTERS WITH RELIEF AS THERE APPEARED TO BE NO VIABLE ALTERNATIVE TO THE PROPOSAL NOR TO THE GOVERNMENT. THE VOTE REEMPHASIZED THE DIFFICULTIES OF THE PRESENT PARLIAMENTARY ALIGNMENT WHERE NO PRESENT CONSTELLATION OF PARTIES CAN MANAGE TO ASSEMBLE A MAJORITY BEFORE THE 1977 ELECTION. IT MAY ALSO HAVE IMPORTANT
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IMPLICATIONS FOR THE FUTURE AS PARTY CONVENTIONS ANC

MUNICIPAL ELECTIONS APPROACH. LABOR MUST NOW WEIGH THE MERITS OF COOPERATION WITH THE SV; THE SV MAY HAVE MORE DIFFICULTY MERGING ITS CONSTITUENT PARTIES; AND NON-SOCIALIST COOPERATION HAS SUFFERED A SETBACK. ULTIMATELY, THE CRISIS COULD WIDEN THE SPLIT BETWEEN LABOR AND SV AND LEAD TO A MORE STABLE MINORITY LABOR GOVERNMENT BASED ON COOPERATION BETWEEN LABOR AND THE CENTER AND CHRISTIAN PEOPLE'S PARTIES THUS SETTING NORWEGIAN FOREIGN POLICY ON A MORE FAVORABLE TACK THAN THE LEFTWARD DRIFT WHICH HAS BEEN A POSSIBILITY UP TO NOW. END SUMMARY

1. A WEEK OF POLITICAL TENSION, WHICH THREATENED TO TOPPLE THE NORWEGIAN GOVERNMENT (OSLO 5364), CAME TO A CLIMAX ON DECEMBER 13 WHEN THE MINORITY RULING LABOR PARTY WON A CRITICAL VOTE OF CONFIDENCE IN THE CONCLUDING HOURS OF STORTING DEBATE ON THE GOVERNMENT'S PROPOSAL TO REPURCHASE SHARE OF ALCAN'S STOCK IN THE NORWEGIAN ALUMINUM FIRM ARDAL OG SUNDAL VERK (ASV). THE VICTORY, BY A VOTE OF 86-69, CAME WHEN THE CENTER PARTY ANNOUNCED ITS DECISION TO ABANDON ITS EARLY STAND IN OPPOSITION TO THE GOVERNMENT'S PROPOSED REPURCHASE ARRANGEMENT AND JOINED THREE SMALL NON-SOCIALIST SPLINTER PARTIES IN SUPPORTING THE PROPOSAL.

2. APART FROM THE CENTER PARTY'S BREAK WITH ITS NON-SOCIALIST COLLEAGUES, THE OTHER SURPRISE OF THE VOTE WAS THE DECISION BY ARDENT LEFTIST SV LEADER FINN GUSTAVSEN TO BREAK RANKS WITH HIS OWN PARTY AND SIDE WITH THE GOVERNMENT. GUSTAVSEN WAS THE ONLY ONE OF SV'S 16 REPRESENTATIVES TO VOTE CONTRARY TO THE LINE OF THE PARTY, WHICH WAS LED VIGOROUSLY IN THE DEBATE BY COMMUNIST LEADER REIDAR LARSEN.

3. IN MOST QUARTERS THE LABOR VICTORY WAS GREETED WITH SUBDUED RELIEF. WHILE LABOR HAS BEEN FACING GROWING OPPOSITION FROM ALL PARTIES, BOTH TO RIGHT AND LEFT IN THE CURRENT PARLIAMENTARY SESSION, THE CRISIS OVER THE ALCAN PURCHASE WAS UNEXPECTED AND UNWELCOMED. THE ALTERNATIVES PROPOSED

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BY THE OPPOSITION PARTIES -- NATIONALIZATION OF THE FIRM BY SV AND RENEGOTIATION OF THE AGREEMENT FOR BETTER GOVERNMENT TERMS BY THE NON-SOCIALISTS -- APPEARED EITHER UNACCEPTABLE OR UNREALIZABLE. THIS WAS JUST NOT THE ISSUE FOR A GOVERNMENT TO FALL ON, MOST OBSERVERS THOUGHT. NOR DID THE FORMATION OF A NON-SOCIALIST MINORITY GOVERNMENT TO REPLACE LABOR WITHOUT LABOR SUFFERANCE OR CLOSER COOPERATION AMONG THE COMPETING NON-SOCIALIST-PARTIES

APPEAR TO POSE A SOUND GOVERNMENTAL ALTERNATIVE.

4. THESE THEMES WERE REFLECTED DURING THE WEEK BY LABOR AND NON-SOCIALIST PRESS, AND IT WAS VIRTUALLY THE UNANIMOUS MEDIA CONCLUSION WHEN THE FINAL VOTE WAS IN. SIMILARLY STRONG LABOR MOVEMENT PRESSURES WERE EXERTED IN SUPPORT OF THE GOVERNMENT'S PROPOSAL, BUT THE PREFERRED UNION APPROACH THROUGH LABOR-SV COOPERATION FAILED WHEN SV TURNED DOWN A FACE-SAVING COMPROMISE OFFER BY THE GOVERNMENT.

5. EARLY SIGNS OF A POSSIBLE CENTER PARTY POSITION CHANGE WAS POSSIBLY SIGNALLED AT MID-WEEK WHEN PARTY MEMBER PER BORTEN, WHO WAS PRIME MINISTER IN 1966 WHEN THE ASV STOCK SHARES WERE ORIGINALLY SOLD TO ALCAN, STATED THAT HE THOUGHT THE GOVERNMENT'S PROPOSAL WAS A GOOD ONE. DURING THE LATE AFTERNOON OF DECEMBER 13 AFTER THE INITIAL ROUND OF STARTING DEBATE ON THE ISSUE, PARTIES MET TO REASSESS THE DEBATE, AND CENTER PARTY LEADER ERLAND STEENBERG LED OFF THE RESUMED DEBATE BY ANNOUNCING THAT THE CENTER PARTY HAD CONCLUDED IN LIGHT OF THE DISCUSSION THAT THE ISSUE DID NOT WARRANT A GOVERNMENT CRISIS AND THAT ITS MEMBERS WERE FREE TO VOTE THEIR WILL. THERE UPON 19 CENTER PARTY MEMBERS JOINED THE TWO LIBERALS, THE ONE NEW PEOPLE'S PARTY REPRESENTATIVE, ONE REFORM PARTY REPRESENTATIVE AND GUSTAVSEN TO CARRY THE VOTE.

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6. THE ALCAN VOTE REEMPHASIZED THE FURTHER TRENDS OF NORWAY'S PRESENT PARLIAMENTARY ALIGNMENT, IN WHICH NEITHER LABOR NOR ANY CONSTELLATION OF OPPOSITION PARTIES CAN PUT TOGETHER A PERMANENT MAJORITY. IT HAS AGAIN KICKED OFF DISCUSSION ON PERENNIAL PROPOSALS TO AMEND NORWAY'S CONSTITUTION TO PERMIT DISSOLUTION OF THE STORTING AND NEW ELECTIONS. (UNLIKE MOST PARLIAMENTARY SYSTEMS, THE NORWEGIAN CALLS FOR ELECTIONS ONCE EVERY FOUR YEARS; THUS THE STORTING COMPOSITION IS FROZEN UNTIL THE 1977 ELECTIONS, BARRING CONSTITUTIONAL AMENDMENT.)

7. IN CULMINATING A PARTICULARLY TRYING STORTING SESSION FOR ALL PARTIES, THE ALCAN TEST COULD WELL SIGNAL A CHANGE IN THE PATTERN OF POLITICAL COLLABORATION AND HAVE AN IMPORTANT IMPACT ON FUTURE POLITICAL DEVELOPMENTS IN NORWAY. IN THE COMING MONTHS BOTH LABOR AND SV WILL HOLD PARTY CONVENTIONS IN WHICH LABOR WILL ELECT NEW LEADERS AND SV WILL SEEK TO ESTABLISH A FIRM MERGER OF ITS
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CONSTITUENT PARTIES. BEYOND LIE THE FALL MUNICIPAL ELECTIONS.

8. FACING THE PROSPECT OF A GOVERNING WITH A PERMANENT MINORITY, LABOR HAS BEEN TRYING TO PLOT AN EFFECTIVE COURSE OF OPERATION BY HOLDING TO THE PARTY PLATFORM AND LOOKING TO THE LEFT OR RIGHT TO GAIN THE SUPPORT NEEDED. THE QUESTION OF WHETHER THE PARTY SHOULD SEEK ON A SYSTEMATIC BASIS TO LOOK FOR SUPPORT FROM THE RIGHT OR THE LEFT IS AN IMPORTANT INTERNAL POLICY ISSUE FOR THE LABOR PARTY AND COULD AFFECT THE SELECTION OF NEW PARTY LEADERS. LABOR'S VICTORY IN THE ALCAN CASE WITH CENTER PARTY HELP AND AGAINST ADAMANT SV OPPOSITION COULD WELL WEAKEN THE HAND OF THOSE IN THE LABOR PARTY WHO WANT TO DAMP DOWN DIFFERENCES WITH THE LEFTIST SV AND BROADEN COOPERATION TO THE LEFT. IN THE UPCOMING PARTY LEADERSHIP RACE THIS COULD HELP THE CAUSE OF LABOR'S STORTING GROUP LEADER ODVAR NORDLI AS AGAINST PARTY DEPUTY CHAIRMAN REIULF STEEN, WHO HAS A MORE "PROGRESSIVE" IMAGE. AT THE VERY LEAST, THE DEMONSTRATED WILLINGNESS

OF SV TO BRING DOWN A SOCIALIST GOVERNMENT HAS FURTHER EMBITTERED ITS RELATIONS WITH LABOR AND THE TRADE UNIONS AND PROBABLY REDUCED THE PROSPECTS FOR SOCIALIST COOPERATION IN THE FUTURE.

9. IT IS PREMATURE TO PREDICT THE LONG-TERM IMPACT ON SV OF THE RECENT BITTER INTERNAL DEBATE OVER TACTICS IN THE ALCAN CASE. SHOULD LABOR MOVE TO THE LEFT TO ACCOMMODATE SV IN THE FUTURE, LARSEN WILL APPEAR TO BE VINDICATED; BUT CONVERSELY HE AND HIS SF SUPPORTERS RISK BEING BLAMED FOR HAVING STRENGTHENED THE CONSERVATIVE WING OF THE LABOR PARTY, SHOULD THIS OCCUR WITHOUT FURTHER EROSION OF THE LABOR PARTY ON THE LEFT. AVAILABLE EVIDENCE SUGGESTS THAT SV'S COURSE REPRESENTED A SERIES OF TACTICAL CALCULATIONS. LARSEN APPARENTLY NEEDED TO DEMONSTRATE TO THE HARD-LINERS IN HIS PARTY THAT HE COULD LEAD NON-COMMUNISTS IN SUPPORT OF A TOUGH "POSITION OF PRINCIPLE", AND THEREFORE RISK MERGER WITH NON-COMMUNIST ALLIES INTO A SINGLE PARTY. THE BULK OF SF'S LEADERSHIP (BERGE FURRE, BERIT AAS, ARNE KIELLAND) REPORTEDLY SHARED SOME OF GUSTAVSEN'S RESERVATIONS BUT FELT THEY MUST

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SUPPORT LARSEN IF THEY WERE NOT TO UNDERCUT HIS ABILITY TO BRING HIS PARTY ALONG WITH HIM INTO ANY MERGER. THEY RISKED ALIENATING THE SV RANK-AND-FILE, HOWEVER, WHICH APPARENTLY SHARED GUSTAVSEN'S RELUCTANCE TO BRING DOWN A LABOR GOVERNMENT. THE ALCAN CRISIS WILL CERTAINLY HAVE SHARPENED THE STRUGGLE FOR LEADERSHIP WITHIN SV, BETWEEN LARSEN, FURRE AND GUSTAVSEN.

10. WITHIN THE NON-SOCIALIST PARTIES, THE VOTE PROBABLY SET BACK INTER-PARTY COOPERATION IN THE NEAR TERM. THERE WAS SOME RECOGNITION, HOWEVER, THAT AFTER HELPING LABOR ON ITS BUDGET PROPOSALS IT WOULD BE DIFFICULT FOR THE CHRISTIAN PEOPLE'S PARTY TO COME TO THE AID OF THE GOVERNMENT A SECOND TIME; HENCE COMPROMISE BY THE CENTER PARTY HAD A CERTAIN LOGIC. MORE SYSTEMATIC COOPERATION BETWEEN THE NON-SOCIALIST PARTIES IS NOT ANTICIPATED, IN ANY CASE, UNTIL AFTER THEY MEASURE THEIR RESPECTIVE STRENGTH IN THE FALL MUNICIPAL ELECTIONS.

11. IF THE CURRENT CRISIS DOES, IN FACT DEEPEN THE SPLIT ON THE LEFT BETWEEN THE SV AND LABOR, AND PERPETUATE THE LACK OF NON-SOCIALIST COOPERATION, IT COULD RESULT IN THE ESTABLISHMENT OF A MORE STABLE MINORITY LABOR GOVERNMENT BASED ON INCREASED COOPERATION BETWEEN LABOR AND THE CENTER AND

CHRISTIAN PEOPLE'S PARTY. THIS WOULD BE PARTICULAR-
LY TRUE SHOULD A MORE CONSERVATIVE LABOR POLICY
FIND VINDICATION IN THE MONTHLY GALLUP POLLS AND
NEXT YEAR'S MUNICIPAL ELECTIONS. SUCH A DEVELOP-
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